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**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA
SACRAMENTO**

In the Matter of the Certificates of Authority of:

COMMONWEALTH LAND TITLE INSURANCE COMPANY;

LAWYERS TITLE INSURANCE CORPORATION; and,

TRANSNATION TITLE INSURANCE COMPANY,

In the Matter of:

LANDAMERICA REINSURANCE SERVICES, INC.,

Respondents.

File No. DISP05046621

ORDER RE STIPULATION AND WAIVER

WHEREAS, on or about July 18, 2005, the Commissioner of Insurance (hereafter “Commissioner”) caused to be served upon COMMONWEALTH LAND TITLE INSURANCE COMPANY (hereafter “COMMONWEALTH”); LAWYERS TITLE INSURANCE CORPORATION (hereafter “LAWYERS”); TRANSNATION TITLE INSURANCE COMPANY (hereafter “TRANSNATION”) and LANDAMERICA REINSURANCE SERVICES, INC. (hereafter “LANDAMERICA REINSURANCE”) an Accusation, Notice of Noncompliance, Demand for Monetary Penalty, and Right to Issue Order to Show Cause, denominated “In the Matter of the Certificates of Authority of: COMMONWEALTH LAND TITLE INSURANCE COMPANY; LAWYERS TITLE INSURANCE CORPORATION; and

1 TRANSNATION TITLE INSURANCE COMPANY and “In the Matter of: LANDAMERICA
2 REINSURANCE SERVICES, INC.,” Respondents, File No. DISP05046621 (hereafter
3 “Accusation”). Said Accusation is incorporated herein by reference, and alleged that
4 COMMONWEALTH, LAWYERS, and TRANSNATION engaged in activities which aided the
5 transaction of insurance by LANDAMERICA REINSURANCE, in violation of California
6 Insurance Code §703(c); engaged in activities which constitute an unfair method of competition
7 and/or unfair or deceptive acts or practices, in violation of California Insurance Code
8 §§790.03(d), 790.03(e), and 790.06(a); filed false annual and financial statements, in violation of
9 California Insurance Code §§900 and 900.9; engaged in unlawful rebate activities/inducement
10 activities in violation of the requirements and standards of Article 6, Chapter 1, Part 6, Division 2
11 (commencing with §12404) of the Insurance Code, and Section 8(a) of RESPA (12 U.S.C.
12 §2607(a)); and that LANDAMERICA REINSURANCE transacted reinsurance business in the
13 State of California without first being admitted for that class, in violation of California Insurance
14 Code §700(a); and,
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17 WHEREAS, Respondents have executed a Stipulation and Waiver in which they waived
18 their rights to a hearing in this matter, and any other rights which may be accorded pursuant to the
19 provisions of the California Administrative Procedure Act (Government Code Sections 11500-
20 11528) or California Insurance Code, and have stipulated to the entry of this Order. Said
21 Stipulation and Waiver is incorporated herein by reference; and,
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23 GOOD CAUSE APPEARING,

24 IT IS HEREBY ORDERED that COMMONWEALTH, LAWYERS, and
25 TRANSNATION shall Cease and Desist from engaging in captive reinsurance business
26 arrangements with non-admitted reinsurance entities involving one-to-four family residential
27 properties or land to be developed into one-to-four family residential properties in California
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1 which may be in violation of California Insurance Code §§35, 700(a), 703(c), 12404 and 12405.

2 In the event a court of final jurisdiction or legislation authorizes such captive reinsurance
3 arrangements in the future, nothing in this Order shall preclude COMMONWEALTH,
4 LAWYERS, and TRANSNATION from acting consistent with the decision of the court of final
5 jurisdiction or legislation at such time; and,
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7 IT IS FURTHER ORDERED that LANDAMERICA REINSURANCE shall Cease and
8 Desist from transacting insurance in the State of California without a license in violation of
9 California Insurance Code §§35 and 700 et seq.; and,
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11 IT IS FURTHER ORDERED that COMMONWEALTH, LAWYERS, and
12 TRANSNATION shall Cease and Desist from activities that in any manner aid a nonadmitted
13 insurer to transact insurance in the State of California in violation of California Insurance Code
14 §703(c); and,
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16 IT IS FURTHER ORDERED that COMMONWEALTH, LAWYERS, and
17 TRANSNATION shall Cease and Desist from filing a financial statement or annual statement that
18 is false or untrue or that omits a material fact which may be in violation of, or noncompliant with,
19 California Insurance Code §§ 790.03(d), 790.03(e), 900, and 900.9; and,
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21 IT IS FURTHER ORDERED that COMMONWEALTH, LAWYERS, and
22 TRANSNATION shall Cease and Desist from engaging in illegal rebate/inducement activities
23 which may be in violation of, or noncompliant with, California Insurance Code §§790.06(a),
24 12404, 12405, and 12406; and,
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26 IT IS FURTHER ORDERED that COMMONWEALTH, LAWYERS, and
27 TRANSNATION shall pay to each California consumer who purchased from
28 COMMONWEALTH, LAWYERS, and TRANSNATION a title insurance policy that was
subject to the captive reinsurance arrangement, an amount equal to the premium that was ceded

1 by the title company issuing the policy to the reinsurer, which payments shall not exceed two
2 million six hundred thousand dollars (\$2,600,000.00) in the aggregate. Said payments shall be
3 subject to the terms, conditions and restrictions as more fully described in the Stipulation and
4 Waiver incorporated herein by reference; and

5
6 IT IS FURTHER ORDERED that COMMONWEALTH, LAWYERS, and
7 TRANSNATION shall pay, within 10 business days of receipt of an invoice from the Department
8 of Insurance, Division of Accounting, 300 Capitol Mall, 13th Floor, Sacramento, California
9 95814, the total amount of one million seven hundred and twenty five thousand dollars
10 (\$1,725,000.00) to the California Department of Insurance (“DEPARTMENT”) as a monetary
11 penalty pursuant to California Insurance Code §§12409 and 12976, 790.03 and 900.8, and 700
12 and 703 in the respective amounts as follows, in settlement of the Accusation:

13
14 COMMONWEALTH shall pay three hundred thirteen thousand six hundred fifty-
15 nine dollars and twenty-one cents (\$313,659.21); and,

16 LAWYERS shall pay one million three hundred seventy eight thousand two
17 hundred seventy dollars and thirty-nine cents (\$1,378,270.39); and,

18 TRANSNATION shall pay thirty three thousand seventy dollars and forty cents
19 (\$33,070.40); and,

20
21 IT IS FURTHER ORDERED that COMMONWEALTH, LAWYERS, and
22 TRANSNATION shall pay, within 10 business days of receipt of an invoice from the Department
23 of Insurance, Division of Accounting, 300 Capitol Mall, 13th Floor, Sacramento, California
24 95814, the total amount of one hundred seventy five thousand dollars (\$175,000.00) to the
25 California Department of Insurance for reimbursement of costs pursuant to California Insurance
26 Code §§12389 in the respective amounts as follows:
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COMMONWEALTH shall pay thirty one thousand eight hundred twenty dollars and fifty cents (\$31,820.50); and,

LAWYERS shall pay one hundred thirty nine thousand eight hundred twenty four dollars and fifty-three cents (\$139,824.53); and,

TRANSNATION shall pay three thousand three hundred fifty four dollars and ninety-seven cents (\$3,354.97); and,

IT IS FURTHER ORDERED that COMMONWEALTH, LAWYERS, and TRANSNATION shall cooperate with the California Department of Insurance in identifying components of, and filing for, potential rate reductions in subdivision title insurance rates; and,

IT IS FURTHER ORDERED that COMMONWEALTH, LAWYERS, and TRANSNATION assist the California Department of Insurance in improving consumer awareness of title insurance rates, including but not limited to, providing rate and premium information for the DEPARTMENT'S public web site; and,

IT IS FURTHER ORDERED that this Order shall become effective immediately upon the date set forth below.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by official seal, this 21st day of February 2006.

JOHN GARAMENDI
Insurance Commissioner

By: _____/s/
JOHN GARAMENDI
Insurance Commissioner